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NIN 969012
By SD7/VSD Date 10/16/92

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TELEGRAM

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ACTION AF-18

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NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 T-03
AID-20 EB-11 COME-00 IGA-02 TRSE-00 OMB-01 AGR-20
PC-04 XMB-07 RSR-01 /171 W

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R 110918Z DEC 72
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 7583
INFO AMEMBASSY LONDON

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SUBJ: NIGERIA

FROM NEWSOM

1. FIVE DAY VISIT NIGERIA, INCLUDING THREE STATES IN EAST, REINFORCES IMPRESSION OF FIERCELY INDEPENDENT, SENSITIVE BLACK NATION THAT WILL CONTINUE ATTRACT, FRUSTRATE, AND MAKE USE OF THOSE FROM BOTH EAST AND WEST KNOCKING AT ITS DOOR. US REMAINS POPULAR BUT SUFFERS AT HIGHEST LEVELS FMG FROM OUR CIVIL WAR POLICY, OUR STANDS ON SOUTHERN AFRICA AND NIGERIAN FEELING WE ARE UNWILLING RESPOND THEIR PRIORITIES ON AID.

2. SOMEWHAT UNEXPECTEDLY NEARLY ALL CONVERSATIONS I HAVE HAD WITH OFFICIAL NIGERIANS IN LAGOS AND PARTICULARLY IN THREE EASTERN STATES HAVE CONCERNED US ECONOMIC ASSISTANCE. WHILE NO ACTION WE TAKE NOR ANY OTHER NATION TAKES IN ASSIS- TANCE FIELD LIKELY YIELD ANY PRONOUNCED POLITICAL OR POLICY BENEFITS, THERE SEEMS LITTLE DOUBT OUR ASSISTANCE ROLE WILL CONTINUE BE SIGNIFICANT FACTOR IN NIGERIAN ATTITUDE TOWARD US.

3. PROBLEM IS DIFFICULT ONE FOR US. IN COMPARISON RESOURCES MANY OTHER AFRICAN COUNTRIES, NIGERIA IS RICH; YET IT IS

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OBVIOUS TO TRAVELER ITS NEEDS ARE GREAT AND NEW OIL REVENUES WILL NOT FOR LONG TIME MATCH NEEDS. COTERIE OF FEDERAL GOVERNMENT COMMISSIONERS WANT "MASSIVE" CAPITAL PROJECT ASSISTANCE FROM US. THEY HAVE LITTLE TIME, PATIENCE OR STAFF FOR MODEST PROPOSALS AND HAVE TOTALLY UOREALISTIC IDEA US CAPACITY TO PROVIDE. THEY SO FAR HAVE TURNED LARGELY DEAF EAR TO US SECTOR LOAN AND HUMAN RESOURCE DEVELOPMENT PROPOSALS, ALTHOUGH ONE FINDS INTEREST AND DESIRE SUCH ASSISTANCE AMONG SOME FEDERAL COMMISSIONERS IN FUNCTIONAL FIELD SUCH AS AGRICULTURE AND CERTAINLY AMONG STATE GOVERNMENTS. WE FOUND IN ALL THREE STATES EXPRESSIONS OF GRATITUDE FOR PAST AND PRESENT AID BUT ACCOMPANIED BY IMPRESSION, APPARENTLY EMANATING FROM LAGOS, THAT US NO LONGER WILLING HELP NIGERIA BECAUSE "NIGERIA RICH." IN LAGOS, HOWEVER, CENTRAL PROBLEM IS THAT LOAN TECHNICAL ASSISTANCE WHICH IS AT HEART NEW AID STRATEGY IS VERY ELEMENT KEY COMMISSIONERS MOST STRONGLY OPPOSE. THEY FEEL THEY WOULD IN EFFECT BE PAYING HIGH COST US TECHNICIANS WHEN CHEAPER ONES MIGHT BE AVAILABLE. EMBASSY'S A-262 IS EXCELLENT REVIEW CURRENT PROBLEM.

4. AID HAS MADE GENUINE AND IMAGINATIVE EFFORT THROUGH PROPOSALS MADE LAST DECEMBER FOR BLOCK GRANT, PROJECT DEVELOPMENT LOAN AND SECTOR LOAN. NIGERIANS WILL, WITHOUT MUCH GRACE, ACCEPT BLOCK GRANT AS THEY WILL PROBABLY ACCEPT ANY GRANT OFFER.

3. IBRD CLEARLY PREPARED MAKE SUBSTANTIAL COMMITMENT. FIVE IBRD TEAMS WERE REPORTEDLY TO BE IN NIGERIA LAST WEEK. YET IT IS DIFFICULT GET HARD INFORMATION ON BANK'S INTENTIONS. BOTH BANK TEAMS AND NIGERIANS RELUCTANT EXCHANGE SPECIFICS. WE SHOULD SEEK GREATER EXCHANGE IN WASHINGTON. FOR EXAMPLE, IBRD PLANNING CONSTRUCT 15 COMPREHENSIVE HIGH SCHOOLS IN THREE EASTERN STATES, YET IN CONTACTS AND CONSULTATIONS THERE HAS BEEN LITTLE DETAILED EXCHANGE WITH AID PERSONNEL WHO HAVE FOR PAST THREE YEARS HAVE BEEN ORGANIZING SUCH SCHOOL IN PORT HARCOURT.

6. IN ABSENCE ANY NIGERIAN ACCEPTANCE RE US AID, WE WILL, WITHIN NEXT FEW YEARS NO LONGER BE SIGNIFICANT DONOR. WE WILL CONTINUE HAVE US CITIZENS IN KEY AREAS SUCH AS TWA CONTRACT, BUT USG WILL RECEIVE LITTLE CREDIT. WE ARE CURRENTLY IN FINAL PHASES IMPLEMENTATION 1971 RECONSTRUCTION LOAN AND

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1971 PROGRAM LOAN. TWO PROJECTS REMAIN TO BE STARTED FROM EARLIER LOANS. CURRENT GRANT TECHNICAL ASSISTANCE PROJECTS IN AGRICULTURE NOT LIKELY BE FUNDED BEYOND FY 1973. ONLY CURRENT POSSIBILITIES FOR FUTURE REPRESENTED BY PROPOSALS FOR BLOCK GRANT, LOAN FOR PROJECT DEVELOPMENT AND SECTOR LOAN. NIGERIANS EXPECTED APPROVE BLOCK GRANT FOR TECHNICAL ASSISTANCE BUT AT PRESENT THERE SEEMS LITTLE PROSPECT THEY WILL ACCEPT OTHERS. AID ENCOURAGED BY TALKS WITH PERMANENT SECRETARY OF AGRICULTURE TO RELIEVE FMG MAY BE INTERESTED IN PILOT FOOD PRODUCTION PROJECT POSSIBLY LEADING TO MAJOR SECTOR LOAN. EMBASSY MORE SKEPTICAL ABOUT PERMSEC'S ABILITY TO SELL IDEA TO FMG. I HEARD NOTHING FROM FEW FMG OFFICIALS I SAW IN LAGOS TO ENCOURAGE BELIEF THEY WILL ACCEPT SUCH PROPOSAL FROM US IN THEIR CURRENT MOOD. NEVERTHELESS STATE OFFICIALS WITH WHOM WE TALKED EXPRESSED INTEREST AND CONCEIVABLY MORE ENERGETIC ONES COULD PRESS IDEA WITH LAGOS. INDICATIVE OF PROBLEM WAS COMMENT TO ME BY SECRETARY TO FMG THAT US BY EMPHASIZING AGRICULTURE OVER CAPITAL PROJECTS SEEKING TO "TURN CLOCK BACK" IN NIGERIA.

7. CONCLUSIONS: MY CONCLUSION FROM NOT INFORMATIVE TRIP ARE THAT:

A. WE SHOULD CONTINUE TRY TO PLAY SIGNIFICANT ROLE IN NIGERIAN DEVELOPMENT FOR NEXT FEW YEARS. THERE ARE COMPELLING POLITICAL, ECONOMIC AND COMMERCIAL REASONS FOR DOING SO.

B. WE SHOULD STAND BY OUR POSITION THAT WE CANNOT PROVIDE LARGE CAPITAL PROJECT AID. I DO NOT BELIEVE WE COULD JUSTIFY THIS WITH CONGRESS OR IN TERMS OUR OTHER REQUIREMENT IN AFRICA. WE SHOULD REMAIN PREPARED TO DISCUSS SMALLER PROJECTS WHERE WE HAVE SPECIAL CAPABILITIES.

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C. WE SHOULD CONTINUE MAKE CLEAR OUR WILLINGNESS HELP THROUGH EFFORTS IN LAGOS AND IN PARTICULAR BY CONTINUING APPROPRIATE COMMUNICATION WITH STATE GOVERNMENTS. EVEN IF FMG DOES NOT ACCEPT PROPOSALS IT IS IMPORTANT THAT WE MAKE CLEAR OUR INTEREST AND WILLINGNESS.

D. WE SHOULD SEEK CLOSER TOUCH IN WASHINGTON WITH IBRD TO INSURE WE HAVE CONTINUING BENEFIT THEIR OBSERVATIONS AND PLANS.

E. WE SHOULD ARRANGE THOROUGH-GOING REVIEW OUR NIGERIAN AID OPTIONS WITH AMBASSADOR REINHARDT WHO WILL BE IN WASHINGTON EARLY JANUARY.

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